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Stealth positioned for growth following completion of Heatleys acquisition

Highlights:

- **Stealth completes Heatleys acquisition and commences business integration**
- **Heatleys is a highly complementary business that builds upon Stealth's position as a successful international supply and distribution group**
- **Management reaffirms positive business outlook and FY19 prospectus revenue and normalised EBIT forecast of \$76.7m and \$3.4m respectively for a 12-month period.**
- **Post October IPO, Stealth has a strong balance sheet and a current enterprise value around \$11m**
- **Stealth will continue to focus on growing in existing and new markets, and consider other complementary acquisitions and joint ventures consistent with its strategy**

International supply and distribution group **Stealth Global Holdings Ltd** (ASX:SGI) ("Stealth" or "the Company") is pleased to advise that its acquisition of Heatleys Safety and Industrial ("Heatleys") outlined in Stealth's Initial Public Offer ("IPO") Prospectus has successfully settled, and it has commenced integrating the businesses to extract the synergies and capitalise on the growth opportunities that the acquisition presents.

The combination of Stealth and Heatleys is highly complementary, delivering a competitive strength that positions Stealth as the only Australian group of its type operating across the five major geographical markets in the country. It builds upon Stealth's position as a successful international supply and distribution group providing a wide-range of safety, industrial, healthcare and workplace products to the mining, construction and energy sectors. Heatleys reported revenue of \$43.2m in FY18, which combined with Stealth increases group pro-forma reported FY18 revenue to \$66.1m.

The Stealth business now consists of 156 employees, 10 branch office locations in Australia and internationally, 3,000+ customers, 1,910 suppliers providing access to over 500,000 products sourced from 18 countries, and around 39,000 product lines held in stock in a central distribution centre and at branch office locations.

The settlement of Heatleys follows Stealth's listing on the ASX on 2 October 2018 after a successful IPO that raised \$12.5m. Post IPO Stealth has 94.9m shares on issue, nominal debt, proforma net cash of \$2.3m, and a current enterprise value of around \$11m (at 14 cents per share).

Managing Director Mike Arnold said: Over recent months Stealth management has been focused on a smooth ASX listing and completing the purchase of Heatleys. Our immediate priorities are now focused on bedding down the business combination and extracting the identified synergies. We will take our time to ensure we do it right, and we will preserve and protect existing revenue streams, culture, reputation and service delivery standards.

"We've been working closely with Heatleys for the past three years under a formal strategic partnership, so we know the business well and are well positioned to ensure a seamless integration.

"Additional efforts are concentrated on using the strength of our significantly enhanced portfolio to grow Stealth's global business by expanding the operating platform with our products and services in Australia, UK, Europe, and Africa where a strong sales pipeline exists. We will also continue to consider more complementary roll up acquisitions and joint venture arrangements consistent with our strategy".

Outlook

The positive fundamentals outlined in the IPO Prospectus remain, and Stealth remains on track to achieve its FY19 revenue and normalised EBIT prospectus forecast (before transaction costs) of \$76.7m and \$3.4m respectively for a 12-month period.

Business conditions continue to strengthen in Stealth's key end markets with consumables having regular and recurring demand. Stealth is well positioned to build market share and improve margins in both existing and new markets, leveraging its expanded products and service offering to secure contracts with new large and medium size customers and increasing sales with existing customers.

Stealth participates in a large, growing, but fragmented product market. This supports opportunities for organic, strategic and acquisitive growth. Pursuing complementary acquisitions and partnerships that add strategic value to the existing business will be progressed.

About Stealth Global

Stealth is a successful international supply and distribution group providing a wide-range of safety, industrial, healthcare and workplace products and supply chain solutions to business customers. Headquartered in Perth, Western Australia, the group operates in Australia, Africa, UK, Europe and Asia.

Stealth customers operate in and across diversified industries, though principally in the resources, construction, engineering, manufacturing, oil & gas, infrastructure, transportation, industrial services, general trade & industry sectors.

Stealth is organised by geographical markets, serving customers through multiple sales and distribution channels. These include; sales representatives, branch offices, internal sales account teams, customer service centres, service partners, distributors, catalogues and online.

Stealth's strategy and purpose

- **Our strategic goal** is to create a \$200m+ revenue business over the next five years whilst delivering consistent profitable growth through responsible asset management.
- **Our go-to-market strategy** is organised by geographical market. We serve customers through multiple sales and distribution channels. These include; sales representatives, branch offices, internal sales account teams, customer service centres, service partners, distributors, catalogues and online.
- **Our unique competitive advantage** originates from the comprehensive range on offer, the leading brands we represent, market competitive prices, and the depth, scale, reach across our distribution

portfolio. We leverage this advantage by using a combination of our own strategically located branch offices, channel partners, distributors, strategic partnerships, joint venture arrangements and global supplier base to leverage buying power and low cost-to-serve model.

- **We are focused on optimising our group portfolio** to drive an increase in market share, revenue and earnings, through five main theme strategic growth pillars.
 1. **Leverage business combination**
extracting synergies and positioning the group portfolio for growth and expansion.
 2. **Increase sales activities and sustainable profit growth**
extending activities with existing customers, by winning new business and more contracted accounts across all markets with large and medium size customer types.
 3. **Expand operating platform**
adding depth, scale, reach across our sales and distribution network, growing digital online ordering, appointing new distributors and channel partners, entering into strategic partnership arrangements in local markets, and integrated network to support international solutions for large and medium size customer types.
 4. **Acquiring complementary businesses**
providing strategic and operational value that strengthens geographical presence, access to new customer and industry types, expand product offering, strengthens our competitive position and generally improve the earnings profile of the group.
 5. **Continue to develop our product business**
increasing brand partnerships and exclusive distribution rights for point of difference, cross border distribution, and introduce more private label products.

For more information please visit Stealth Global Holdings website www.stealthgi.com or email investors@stealthgi.com or contact

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